



**BRITISH AMERICAN
TOBACCO
UGANDA**

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors of British American Tobacco Uganda Limited announce the audited results for year ended 31st December 2016. The results below have been extracted from the audited financial statements of British American Tobacco Uganda Limited for the year ended 31st December 2016. The financial statements were audited by KPMG who expressed an unqualified opinion.

Condensed Statement of Comprehensive Income			Condensed Statement of Financial Position		
Continuing Operations - Cigarettes					
	2016	2015	As at	As at	
	Shs' m	Shs' m	31-Dec-16	31-Dec-15	
			Shs' m	Shs' m	
Gross Revenue	139,259	140,986			
Excise duty and value added tax	(73,589)	(70,662)			
Net Cigarette revenue	65,670	70,324			
Cost of operations	(53,680)	(55,348)			
Profit from operations	11,990	14,976			
Net finance costs	(821)	-			
Profit before tax	11,169	14,976			
Income tax expense	(3,358)	(4,493)			
Profit from Continuing operations	7,811	10,483			
Profit from Discontinued Operations, net of tax	-	9,807			
Total comprehensive income for the year	7,811	20,290			
Basic and diluted Earnings per share- Cont. ops	159	213			
Basic and diluted Earnings per share- Disc. ops	-	200			
			Shareholders' equity	34,649	47,108
			Non-current liabilities	3,356	2,837
			Equity and non-current liabilities	38,005	49,945
			Non-current assets	32,812	34,224
			Current assets	22,029	38,414
			Current liabilities	(16,836)	(22,693)
			Net assets	38,005	49,945
			Condensed Cash Flow Statement		
			Net cash from operating activities	11,237	91,217
			Net cash used in from investing activities	(49)	(85)
			Net cash used in financing activities	(20,270)	(97,711)
			Net decrease in cash and cash equivalents	(9,082)	(6,579)
			At the start of the year	15,151	21,730
			At the end of the year	6,069	15,151

Note: The business discontinued its leaf operations in 2015. Continuing operations relate to cigarette business only.

Condensed Statement of Changes in Equity					
	Share capital	Revaluation surplus	Retained earnings	Proposed dividends	Total equity
	Shs' m	Shs' m	Shs' m	Shs' m	Shs' m
At 1st January 2015	61	13,644	13,113	36,712	63,530
Profit for the year	-	-	20,290	-	20,290
Transfer of excess depreciation in respect of revaluation surplus net of tax	-	(268)	268	-	-
Dividends:					
Final for 2014	-	-	-	(36,712)	(36,712)
Proposed final dividend for 2015	-	-	(20,270)	20,270	-
At 31 December 2015	61	13,376	13,401	20,270	47,108
At 1st January 2016	61	13,376	13,401	20,270	47,108
Profit for the year	-	-	7,811	-	7,811
Transfer of excess depreciation in respect of revaluation surplus net of tax	-	(304)	304	-	-
Dividends:					
Final for 2015	-	-	-	(20,270)	(20,270)
Proposed final dividend for 2016	-	-	(7,811)	7,811	-
At 31 December 2016	61	13,072	13,075	7,811	34,649

Business Overview

Gross revenue was relatively stable at Ushs 139 bn in 2016 relative to 2015 which was Ushs 141 bn reflecting higher excise driven prices offset by lower volumes.

Profit after tax from continuing operations dropped by 25% reflecting the impact of excise driven price increases in the domestic market. Cumulative excise increases for 2015 and 2016 amounted to 40%. This increase, coupled with a tough economic environment impacted negatively on consumer disposable incomes.

British American Tobacco Uganda Limited remains a significant contributor to Government revenues. Excise duty and Value Added Tax increased from Ushs 71 bn in 2015 to Ushs 74 bn in 2016, an increase of 4%.

Total comprehensive income for the year reduced by 62%, reflecting the discontinuation of the leaf business in 2015 and lower cigarette profitability.

Regulatory Outlook

The Tobacco Control Act, 2015 which came into force on 18th May 2016 provides for a 12 months' transition period for compliance by manufacturers, suppliers, retailers, importers and exporters of tobacco products. We are currently within the transition period with compliance by the tobacco industry expected from 18th May 2017. We support regulation of the tobacco industry that is balanced, evidence based and does not lead to unintended consequences such as growth in illicit trade as well as a negative impact on sustainable industry and Government revenues.

Dividend

The Board of Directors recommends a final dividend of Ushs 159 per share to be presented for approval at the Annual General Meeting to be held on 10th May 2017. If approved the dividend which is subject to withholding tax, will be paid on 21st June 2017 to those shareholders on the register as at the close of business on 31st May 2017.

By Order of the Board
KAMPALA
14 February 2017

Company Secretary
Nicholas Echim

Details: Enquiries may be addressed to the Company Secretary on P. O. Box 7100, Kampala; Telephone No. +256 31 2200100; Fax No. +256 41 230964